

**STATE OF WASHINGTON
PARKS AND RECREATION COMMISSION
Rex Derr, Director**

**JWPT/Iron Horse State Park – West
Utility Easement and Agreement # E588502CNB1**

THIS AGREEMENT is made between the State of Washington, acting through the WASHINGTON STATE PARKS AND RECREATION COMMISSION, as grantor (hereafter “State”) and the CITY OF NORTH BEND, (hereafter “Grantee”).

AUTHORITY

State is acting under those authorities granted to State and described under RCW 79A.05.070, and Washington State Parks and Recreation Commission delegated authority of November 30, 2006. The easement granted hereunder is granted subject to and conditioned upon the following terms, conditions and covenants which Grantee hereby promises to observe and perform faithfully and fully (collectively, the “Agreement”).

EASEMENT

1.0 Conveyance. State, for the consideration described in Section 1.2 below, hereby conveys to Grantee a non-exclusive, non-divisible easement over and under a parcel of land in King County legally described as set forth in Exhibit A and located approximately as shown on Exhibit B (hereafter “Easement Area”).

State grants to Grantee a non-exclusive, non-divisible temporary construction easement legally described as set forth in Exhibit C, as is reasonably necessary for construction within the Easement Area (hereafter “Temporary Easement Area”). The Temporary Easement Area shall expire upon completion of construction of the Facilities.

1.1 Term. The easement term shall be perpetual unless terminated as set forth hereafter.

1.2 Consideration. None

1.3 Appurtenant Easement. The easement granted herein shall be deemed appurtenant to the Seattle Public Utilities water supply line.

1.4 Title/Disclaimer. The rights granted herein are subject to permits, leases, licenses and easements, if any, heretofore granted by State affecting the property subject to this Agreement. Further, State does not warrant or imply that the Easement Area is suitable for Grantee’s intended use.

PURPOSE AND SCOPE OF EASEMENT

2.0 Permitted Use. The easement granted pursuant to this Agreement is for the purpose of and is limited to constructing, installing, operating, maintaining, repairing, replacing, and using a 16" underground water line, control structure and power line to serve said structure ("Facilities" herein) subject to Grantee obtaining and at all times possessing all applicable federal, state and local permits. This project is related to Grantee's regulatory requirements to mitigate the anticipated impacts to the Snoqualmie River basin from a new municipal production well at North Bend.

Grantee may not expand, change or modify the purpose or scope of the easement granted herein without State's prior written consent, which shall be at its sole discretion and shall be subject to applicable fees according to State's fee schedule. Any unauthorized use of the Easement Area by Grantee shall be considered a material breach of this Agreement and may be the basis for termination pursuant to paragraph 6.10 Breach or Default. No use beyond the permitted uses identified above will be deemed authorized unless approved in advance in writing by State.

2.1 Tree Removal. Plans for any trees or timber to be cut or removed by Grantee from the Easement Area shall be disclosed in advance to State, and trees or timber shall not be cut or removed until State grants its prior written consent. If Grantee cuts or removes trees or timber, timber subsequently grown shall belong to State.

2.2 Grantee's Use and Activities. Grantee shall exercise its rights under this Agreement so as to minimize, and avoid if reasonably possible, interference with State's use of the Easement Area and adjoining park property for park purposes. Grantee shall at all times conduct its activities on the Easement Area so as not to interfere with, obstruct or endanger the public or State's operations or facilities, and shall at all times allow the safe and unobstructed passage of the public through any work areas.

RESERVATIONS

3.0 Reservations to State. State reserves all ownership of the Easement Area and resources thereon (including timber) and the right of use for any purpose including, but not limited to, the right to remove resources within the Easement Area; the right at all times to cross and re-cross the Easement Area at any place on grade or otherwise; and the right to use, maintain, patrol, reconstruct or repair the Easement Area so long as any such action by State does not unreasonably interfere with Grantee's rights. Control of park gates, roads and lands shall remain with State at all times. State may grant to third parties any and all rights reserved, including easements and leases, so long as any such right granted to any third party, or the exercise thereof, does not unreasonably interfere with the Grantee's rights. In the event State elects to exercise rights provided by this reservation, including future grants to third parties, State shall give written notice to Grantee of such election.

3.1 Use of Area by State. Grantee has been advised and is aware that (a) State is using or intends to use the Easement Area and adjoining park property for recreational park purposes; (b) new park facilities may be constructed in addition to or in replacement of such facilities already existing; and (c) construction of such new facilities may require the installation of roads and other fixtures or improvements over, upon, across and under the Easement Area, and, in addition, may require the location of structures with permanent foundations within the Easement Area, so long as such use of the Easement Area by the State does not unreasonably interfere with the Grantee's rights; and (d) State has previously granted other utility easements in the vicinity of Grantee's easement area.

Nothing herein prevents or precludes State from undertaking construction, installation and use of the Easement Area and adjoining park property, and State will not be liable to Grantee or any other party for loss or injury resulting from any damage or destruction of Grantee's Facilities directly or indirectly caused by State's use of the Easement Area, adjoining park property, or State's facilities on the Easement Area or adjoining park property, excepting for loss or injury which results solely from State's failure to exercise reasonable care not to damage or destroy Grantee's Facilities.

Further, State shall not be liable to Grantee for any increased cost to Grantee of maintenance, repair or replacement of its Facilities due to State's use and development of the property.

INSURANCE, WASTE AND ENVIRONMENTAL LIABILITY

4.0 Insurance. The Grantee's liability coverage is provided through its membership in the Association of Washington Cities Risk Management Service Agency (Pool). The current policy period is January 1st to December 31st of each year. The Pool provides a \$10,000,000 per occurrence limit of general and automobile liability insurance, with the Grantee carrying a deductible of \$0, per occurrence.

4.1 Waste. Grantee shall not cause or permit any filling activity to occur in or on the Easement Area, except as approved in advance in writing by State. Grantee shall not deposit refuse, garbage, or other waste matter in or on the Easement Area.

4.2 Hazardous Substances. Grantee shall not, without State's prior written consent, use, store, generate, process, transport, handle, treat, release, or dispose of any hazardous substance or other pollutants in or on the Easement Area. The term hazardous substance means any substance or material as those terms are now or are hereafter defined or regulated under any federal, state, or local law including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA, 42 U.S.C. 9601 et. seq.), or the Washington Model Toxic Control Act (MTCA, RCW 70.105D). Grantee shall immediately notify State if Grantee becomes aware of any release or threatened release of a hazardous substance or other pollutant on the Easement Area or adjoining property. If a release of hazardous substance or other pollutant occurs in, on, under, adjacent to or above the Easement Area or adjacent property

arising out of any action of Grantee, its contractors, subcontractors, invitees, agents, employees, licensees, or permittees, Grantee shall, at Grantee's sole expense, promptly take all actions necessary or advisable to clean up, contain, and remove the hazardous substance or other pollutant in accordance with applicable laws. Any cleanup shall be performed in a manner approved in advance in writing by State, except in emergency situations Grantee may take reasonable and appropriate actions without advance approval.

4.3 Damage and Protection from Damage. Grantee, when exercising the rights granted herein, shall repair or cause to be repaired, at its sole cost and expense, all damage to improvements on State lands caused by Grantee, which is in excess of that which it would cause through reasonable and prudent use of such rights. All soil surfaces on the Easement Area which are devoid of natural cover as a result of Grantee's operations shall be restored as required by State. Grantee has been advised of other utilities located in, on, under or in proximity to Grantee's easement area and is obligated to ensure that Grantee's uses or activities not interfere or damage any other easement holder's rights, property or equipment as currently located within the John Wayne Pioneer Trail. Any damage to include property damage or damage caused by interference or interruption of utility services caused to any other easement holder due to Grantee's acts shall be the sole responsibility of Grantee.

CONSTRUCTION, OPERATION AND MAINTENANCE

5.0 Plan of Development. Grantee shall so construct all Facilities substantially as shown in the plans titled Hobo Springs Mitigation Project and dated March 28, 2008 (Plan of Development). In case Grantee abandons or fails to complete the improvements, Grantee shall restore the Easement Area to its original condition, if State determines it to be in the best interest for managing the Easement Area.

5.1 Timing and Duration. Except in the case of an emergency, or unless otherwise approved in writing by the State, Grantee shall complete all pipe installation work prior to August 1, 2008. In completing such work, Grantee shall cover daily at the completion of construction any trenching or other disturbance that materially impacts the use of the Easement Area by hikers or other users. Grantee shall otherwise implement steps, as reasonably possible in the normal course of construction, to facilitate use of the Easement Area by hikers and other users. This time limiting provision does not include work associated with commissioning, startup, and testing upon the entire Hobo Springs Pipeline Project being completed nor does it apply to work within Boxley Creek that is covered under the Hydraulic Project Application, which stipulates a July 15 through October 31 work period.

Except in the event of an emergency or with State's prior written approval, it is understood that construction access on weekends and holidays is strictly prohibited and shall be confined to daylight hours. The speed limit within the park is 10 mph and pedestrians shall have right-of-way over vehicles at all times. All vehicles must be plainly marked and must use care. As determined by State's authorized representative or the Park Manager for Lake Easton State Park,

Grantee may additionally be required to provide public health and safety services while any work is occurring. Activities the State may require include but are not limited to construction flaggers, pilot vehicles, temporary trail closures, etc..

5.2 Unauthorized Improvements. All improvements not included in the original permitted use of the Easement Area, or as otherwise approved in advance in writing by State, are prohibited and may be cause for termination under paragraph 6.10 Breach or Default. Improvements placed within the Easement Area without State's prior written consent shall immediately become the property of State or at State's option, may be required to be removed by Grantee at Grantee's sole cost.

5.3 Facilities Specifications. Except at the outfall to Boxley Creek and the control structure, Grantee shall install all Facilities underground and so place, protect, and bury the Facilities as to allow the unobstructed use of the John Wayne Pioneer Trail (JWPT). Grantee shall mark the location of buried Facilities as required by the applicable regulatory and permitting authorities. If Grantee fails to so place or bury the Facilities, Grantee shall hold State harmless from any and all damage to the Facilities, and shall indemnify, defend and hold harmless State against all claims or liabilities resulting directly or indirectly from Grantee's failure to properly place or bury the Facilities. State reserves the right to inspect the Easement Area and Temporary Easement area during construction to ensure compliance with the Plan of Development, permits and Facilities Specifications.

5.4. Mitigation and Restoration. In addition to those conditions already specified by State and those to be specified during State's future review of Grantee's submittals, the following shall be completed by Grantee:

- Hydro-seeding/Native Planting of Disturbed Areas: State must approve all plant material prior to use.
- Surface: restore the surface of the JWPT with 4 inches of 5/8-inch minus crushed rock. Restoration work shall grade, crown, wet and roll new top course per park specifications.
- Sub-Surface: use construction techniques that provide a weed barrier within the Easement Area.

Grantee shall take precautionary measures necessary to ensure the safety of park visitors during construction, including, but not limited to, allowing safe passage through the Easement Area and Temporary Easement area during construction, covering any open holes and trenches.

5.5 Damage. Grantee, when exercising the rights granted herein, shall repair or cause to be repaired, at its sole cost and expense, all damage to improvements on State lands occasioned by it, which is in excess of that which it would cause through normal and prudent exercise of such rights.

5.6 Survey Markers. Grantee shall not destroy or disturb any survey markers (including but not limited to corner markers, witness objects, or line markers) without State's prior written approval. Markers that must necessarily be disturbed or destroyed during construction shall be adequately referenced and replaced in accordance with all applicable laws of the state of Washington, including but not limited to RCW 58.24, and all State regulations pertaining to preservation of such markers. Grantee shall re-establish such markers using a licensed land surveyor or public official as prescribed by law according to U.S. General Land Office standards at Grantee's sole cost.

5.7 Response to an Emergency. Nothing contained herein shall prevent Grantee from responding to an emergency relating to the Facilities on the Easement Area, provided Grantee immediately provides written notice to State of said action.

5.8 Weed Control. Grantee shall control, at its own cost, all noxious weeds on the Easement Area for a period of two years following any disturbance by the Grantee of the Easement Area. Such weed control shall comply with county noxious weed control board rules established under RCW 17.10. Grantee shall be responsible, and shall immediately reimburse State, for any weed control cost incurred as a result of Grantee's failure to control weeds on the Easement Area during any such one-year period. All methods of weed control shall be approved in writing by State prior to beginning such activities.

5.9 Aerial Application. The aerial application of pesticides, insecticides and herbicides is prohibited.

5.10 Wetlands. Grantee shall not cause damage to or conduct any filling of any wetlands in the Easement Area without the proper written authorization from the appropriate government agency and without receiving prior written approval from State.

5.11 Survey. Grantee shall provide State with a survey showing the Easement Area and the location of each of the Facilities on the Easement Area as they are installed. The initial survey shall include a legal description and calculation of the square footage of the Easement Area.

5.12 Work Standards. All work performed by Grantee shall be substantially as shown in the Plan of Development submitted to and approved by State and shall be completed in a careful and workmanlike manner to State's satisfaction, free of claims or liens. Upon completion of construction, and upon completion of any subsequent work performed by Grantee, Grantee shall remove all debris and restore the surface of the Easement Area as nearly as possible to the condition in which it was at the commencement of work.

5.13 Removal of Improvements and Equipment. All Facilities which remain upon the Easement Area sixty (60) days from the termination or forfeiture of this Agreement, shall become the property of State and be considered a part of the land upon which they are located; provided, however, that any time within sixty (60) days after the termination or forfeiture of this

Agreement, Grantee shall be entitled to remove the Facilities; or, State may require Grantee to remove the Facilities, at Grantee's cost. All tools, equipment and other property not permanently affixed upon the land by Grantee shall remain Grantee's property, but shall be removed within sixty (60) days after the termination or forfeiture of this Agreement.

5.14 Archaeology. In the event archaeological, cultural or historic resources are found or unearthed during any work or construction, Grantee shall comply with the provisions of RCW 27.44 and RCW 27.53 and the rules of the Office of Archaeological and Historic Preservation. Upon discovery of any such resources, Grantee shall stop work and notify State.

5.15 Appearance of the Property. Grantee shall keep the Easement Area in a neat, clean, sanitary and safe condition, and shall keep the Easement Area, the Facilities and all items therein installed by Grantee in good condition, except only for reasonable wear and tear. Grantee shall store all trash, refuse and waste material so as not to constitute a nuisance, in adequately covered containers, which are not visible to the general public.

GENERAL TERMS AND CONDITIONS

6.0 Compliance with Laws and Regulations. Grantee shall comply with all applicable laws, including all federal, state, county and municipal laws, ordinances, and regulations in effect, both current and future, for the design, construction, maintenance, operation or improvement of the Facilities and use of the Easement Area. Grantee shall so comply in a timely manner and at its sole expense.

6.1 Ownership and Maintenance of Facilities. The Facilities authorized herein shall be continuously owned and maintained by Grantee at Grantee's sole expense.

6.2 Assignment. This Agreement, or any of the rights granted herein, shall not be assigned without the State's prior written consent, except that the rights granted herein may be used by any employee, contractor, or representative of Grantee while engaged in Grantee's operations. In processing a request for assignment, State shall charge Grantee its administrative costs and may require additional compensation for any additional use or user. In the event the State consents to the assignment of Grantee's interest in this Agreement, the State reserves the right to unilaterally amend, or terminate and replace, this Agreement to accommodate any change in circumstances, conditions or parties. These rights are in addition to and not a limitation upon State's discretionary authority under this Section.

6.3 Successors. The rights and obligations of the parties shall inure to the benefit of and be binding upon their respective successors and assigns.

6.4 Forfeiture. In the event that Grantee has not begun to use the Easement Area for the purposes set forth in 2.0 above within a period of two (2) years from the day and year first above written, Grantee's rights within the Easement Area shall revert to State, and the Easement Area

shall be freed from the easement as fully and completely as if this Agreement had not been entered into; provided, however, an extension of time may be granted upon written request prior to the expiration date of said two (2) year period and upon such additional terms and conditions as may be specified by State; such terms and conditions shall include State's right to modify the consideration due State which shall include, but not be limited to, additional charges for administrative costs.

Should Grantee cease to use the Easement Area for the purposes specified herein for a period of two (2) years, it shall notify State of such nonuse; and the rights granted herein shall revert to State.

6.5 Termination. In the event that this Agreement is terminated for any reason, Grantee's rights within the Easement Area shall immediately revert to State, and the Easement Area shall be freed from the easement as fully and completely as if this Agreement had not been entered into.

6.6 Indemnity. Grantee shall indemnify, defend with counsel acceptable to State, and hold harmless State, its employees, officers, and agents from any and all liability, damages, expenses, causes of action, suits, claims, costs, fees (including reasonable attorney's fees), penalties, or judgments, of any nature whatsoever, arising out of the use, occupation, or control of the Easement Area by Grantee, its contractors, subcontractors, agents, employees, or franchisees, including but not limited to the use, storage, generation, processing, transportation, handling, disposal, release, or threatened release of any hazardous substance or materials. To the extent that RCW 4.24.115 applies, Grantee shall not be required to indemnify State from State's sole or concurrent negligence. This indemnification shall survive the forfeiture or termination of this Agreement.

6.7 Advance By State. If State advances or pays any cost or expense for or on behalf of Grantee, Grantee shall reimburse State the amount paid and shall pay interest on such amount at the rate of one percent (1%) per month, or fraction thereof, until paid.

6.8 Attorney Fees and Venue. In the event the State is required to incur attorney fees and costs to enforce Grantee's obligations under the terms of this agreement, in addition to any other relief to which the State may be entitled, the prevailing party shall pay to the other its costs and reasonable attorney fees. Venue for any action shall be in Thurston County Superior Court. The laws of the state of Washington shall govern any dispute and the interpretation of this Agreement.

6.9 Notices and Submittals. All notices, demands, and requests required under this Agreement shall be in writing sent by United States registered or certified mail, postage prepaid, and shall be addressed as follows:

If to State:

Washington State Parks and Recreation Commission

Lands Program
P.O. Box 42650
Olympia, WA 98504-2650
Ph: (360) 902-8500
Fax: (360) 902-8840

With copy to:
Lake Easton State Park Manager
PO Box 26
Easton, WA 98925
509-656-2230
509-656-2294 fax

If to Grantee:

City of North Bend
Department of Public Works
1155 E North Bend Way
PO Box 896
North Bend, WA 98045
Ph: (425) 888-0486
Fax: (425) 831-6200

Or at such other place as either party may from time to time designate by written notice to the other.

Notices, demands, and requests served upon State or Grantee as provided in this Section in the manner aforesaid shall be deemed sufficiently served or given for all purposes hereunder three (3) days after such notice, demand, or request shall be so mailed in any post office in the state of Washington.

6.10 Material Breach or Default. If Grantee breaches or defaults on any material undertaking, promise or performance called for herein, State may terminate this Agreement after Grantee has been given thirty (30) days' written notice of the material breach or default and (1) such breach or default has not been corrected within such time; or (2) if such breach or default cannot be reasonably corrected within such thirty (30) day period, Grantee has not commenced such correction and thereafter continued same with reasonable diligence. Upon such termination, all Facilities on the Easement Area shall be forfeited and become the property of State subject only to any previously approved waiver of interest or security interest. In addition to the right of termination, State shall have any other remedy available in law or equity. Any Grantee obligations not fully performed upon termination will continue until fully performed. The failure of State to exercise any right at any time will not waive State's right to terminate for any future breach or default. The failure by State to provide notice to Grantee shall not relieve Grantee of its obligations under this Agreement.

By way of specific illustration and not limitation, the occurrence of any of the following events shall be deemed a material breach of this Agreement, namely: if Grantee makes an assignment for the benefit of creditors or files a voluntary petition under any bankruptcy act or other law for the relief of debtors; or if an involuntary petition is filed under any bankruptcy act or other law for the relief of debtors; or an order for relief is entered for or against Grantee under any bankruptcy act or other law for the relief of debtors; or if any department of any government or any officer thereof shall take possession of Grantee's business or property. Upon any such occurrence State, at its option, may, in addition to any other remedy available at law or equity or hereunder, terminate this Agreement by notice to Grantee and upon such termination Grantee shall quit and surrender the Easement Area to State, but Grantee shall remain liable as provided by this Agreement.

6.11 Force Majeure. Grantee's failure to comply with any of the obligations under this Agreement shall be excused only if due to causes beyond Grantee's control and without the fault or negligence of Grantee, including acts of God, acts of the public enemy, acts of any government, fires, floods, epidemics and strikes.

6.12 Amendments. Any amendments, revisions, supplements, or additions to this Agreement or the attached exhibits shall be made in writing, executed by the parties hereto, and neither State nor Grantee shall be bound by verbal or implied agreements.

6.13 Discrimination. Grantee shall not conduct or suffer any business upon the Easement Area which unlawfully discriminates against any person on the basis of race, color, creed, religion, sex, age, or physical or mental handicap.

6.14 Emergency Action. State may take such emergency action as is necessary to protect the public health, safety and welfare, including, but not limited to, temporary closing or otherwise restricting Grantee's use of the Easement Area. Grantee understands that it shall have no recourse against State for any losses incurred as a result of State's taking such action.

6.15 Interpretation. This Agreement has been submitted to the scrutiny of all parties hereto and their counsel if desired, and shall be given a fair and reasonable interpretation in accordance with the words hereof, without consideration or weight being given to its having drafted by any party hereto or its counsel.

6.16 Non-Waiver. No failure of State to insist upon the strict performance of any provision of this Agreement shall be construed as depriving State of the right to insist on strict performance of such provision or any other provision in the future. No waiver by State of any provision of this Agreement shall be deemed to have been made unless expressed in writing and signed by State.

6.17 Remedies Cumulative. The specified remedies to which State may resort under this Agreement are cumulative and are not intended to be exclusive of any other remedies or means

of redress to which State may lawfully be entitled in case of any breach or threatened breach by Grantee. In addition to the remedies provided in this Agreement, State shall be entitled to the restraint by injunction of the violation, or attempted or threatened violation, of any of the terms and conditions of this Agreement.

6.18 Severability. If any term of this Agreement or the application thereof to any person or circumstance is found to be to any extent invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term of this Agreement shall be valid and be enforced as written to the fullest extent permitted by law.

6.19 State's Consent. Except in the case of assignment and purpose of the easement, State shall not unreasonably withhold its consent where such consent is expressly provided for in this Agreement.

6.20 Temporary Closure for Cause. If Grantee damages the Easement Area such that it interferes with the normal operation of the park (determined at State's discretion), State may close the park and/or restrict Grantee's access to the Easement Area until Grantee remedies the situation to State's satisfaction. Grantee understands it shall have no recourse against State for any losses incurred during such shutdown or restriction.

